

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04
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E.O. 11652: N/A

TAGS: ELAB, PINT, PE

SUBJECT: GOP DECREES ACROSS-THE-BOARD WAGE INCREASE

1. ON JANUARY 25 THE GOP DECREED AN ACROSS-THE-BOARD
WAGE INCREASE FOR ALL PUBLIC SECTOR AND PRIVATE
EMPLOYEES AMOUNTING TO S/.810 (ABOUT U.S. \$11.60)
PER MONTH, OR S/.27 (ABOUT U.S. \$.38) PER DAY. THE
INCREASE, ABOUT THE AMOUNT EXPECTED BY BUSINESS AND LABOR
LEADERS, IS TO "COMPENSATE WORKERS FOR DIMINISHED BUYING POWER
DUE TO PRICE READJUSTMENTS ON BASIC GOODS AND SERVICES".
THE INCREASE ACCORDED NOW TO ALL WORKERS IS TO BE DEDUCTED FROM
ANY WAGE INCREASES GAINED THROUGH COLLECTIVE BARGAINING ON CON-
TRACTS EXPIRING IN 1977. THOSE GAINS IN ANY CASE ARE
EXPECTED TO BE SUBJECT TO DECREE-REGULATED WAGE INCREASE
CEILINGS. ALSO, 1976 CONTRACTS ARE NORMALLY
FOR A 12-MONTH PERIOD) HAVE BEEN EXTENDED BY AN EMERGENCY
DECREE FOR SIX MONTHS. THEREFORE MAJOR CONTRACTS
(IN THE STATE AND PRIVATE MINING SECTOR FOR EXAMPLE)
NORMALLY UP FOR NEGOTIATION IN THE JULY THROUGH
SEPTEMBER PERIOD WILL BE POSTPONED UNTIL 1978 LEAVING
A 1977 WAGE INCREASE OF S/.27 PER DAY (COMPARED TO
S/.98 INCREASE IN 1976) BARRING FUTURE DECREE LAW
MODIFICATION.

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2. WHILE THE WAGE INCREASE WAS ABOUT THE AMOUNT ANTICI-
PATED, LABOR UNIONS ARE CERTAIN TO BE DISPLEASED.
THE S/.810 INCREASE DOES NOT COMPENSATE FOR SALARY
EROSION DUE TO INFLATION AND GOP POLICY. THE BETTER-
PAID ORGANIZED WORKERS SHOULD BE ESPECIALLY UNHAPPY.
ALSO NEW PRICE INCREASES AND POSSIBLE FURTHER SUBSIDY

REDUCTIONS ON BASIC COMMODITIES ARE EXPECTED.
COLLECTIVE BARGAINING REMAINS CURTAILED AND STRIKES OUT-LAWED AS THE STATE OF EMERGENCY CONTINUES INTO THE IN-DEFINITE FUTURE (A JANUARY 25 SUPREME DECREE ROUTINELY EXTENDED THE SUSPENSION OF CONSTITUTIONAL GUARANTEES FOR ANOTHER 30-DAY PERIOD).

3. LEFTIST UNIONS ARE MOVING MORE DIRECTLY INTO OPPOSITION TO THE GOP AS IT BECOMES INCREASINGLY CLEAR THAT ORIGINAL REVOLUTIONARY GOALS HAVE BEEN ABANDONED OR SEVERELY MODIFIED. FAR LEFTISTS WILL CONTINUE THEIR EFFORTS TO ORGANIZE A GENERAL STRIKE IN SPITE OF THE DIFFICULTIES STEMMING FROM EMERGENCY DECREES AFFECTING LABOR. APRA UNIONS HOPE TO CAPITALIZE ON THE "BREAKDOWN" IN GOVERNMENT RELATIONS WITH COMMUNIST UNIONS, BUT APRA UNIONS TOO MUST DEFEND RANK AND FILE IF THEY ARE TO RECAPTURE LOST MEMBERSHIP. WORKERS ARE CERTAIN TO RESENT THE JANUARY 25 RESTRUCTURING OF GOVERNMENT SALARIES PROVIDING FOR A MAXIMUM OF S/. 103,500 PER MONTH (UP FROM THE S/.70,000 PER MONTH LIMIT TO WHICH PRIVATE EMPLOYEES STILL RESTRICTED) AND THE MAJOR INCREASE IN SALARIES FOR THE GOP MINISTERS. FINALLY, LABOR IS IN NO MOOD TO SACRIFICE IN THE FACE OF THE GROWING FEELING THAT CORRUPTION AND ENRICHMENT IS WIDESPREAD IN TOP MILGOV LEADERSHIP. DEAN

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